

Ten Year Performance Projection

STR Near ASU & Old Town Scottsdale
Arizona
4bd | 3ba | Built: 1964

Projected Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Projected Rent	\$102,000	\$105,060	\$108,212	\$111,458	\$114,802	\$118,246	\$121,793	\$125,447	\$129,211	\$133,087
Vacancy Losses	-\$10,200	-\$10,506	-\$10,821	-\$11,146	-\$11,480	-\$11,825	-\$12,179	-\$12,545	-\$12,921	-\$13,309
Operating Income	\$91,800	\$94,554	\$97,391	\$100,312	\$103,322	\$106,421	\$109,614	\$112,902	\$116,289	\$119,778

Estimated Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$2,940	-\$3,049	-\$3,162	-\$3,279	-\$3,400	-\$3,526	-\$3,656	-\$3,791	-\$3,932	-\$4,077
Insurance	-\$4,410	-\$4,573	-\$4,742	-\$4,918	-\$5,100	-\$5,288	-\$5,484	-\$5,687	-\$5,898	-\$6,116
Management Fees	-\$18,360	-\$18,911	-\$19,478	-\$20,062	-\$20,664	-\$21,284	-\$21,923	-\$22,580	-\$23,258	-\$23,956
Leasing/Advertising Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Association Fees	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Maintenance	-\$8,160	-\$8,462	-\$8,775	-\$9,100	-\$9,436	-\$9,786	-\$10,148	-\$10,523	-\$10,912	-\$11,316
Other	-\$14,400	-\$14,933	-\$15,485	-\$16,058	-\$16,652	-\$17,269	-\$17,908	-\$18,570	-\$19,257	-\$19,970
Operating Expenses	-\$48,270	-\$49,927	-\$51,642	-\$53,417	-\$55,253	-\$57,153	-\$59,118	-\$61,152	-\$63,257	-\$65,434

Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$43,530	\$44,627	\$45,748	\$46,896	\$48,069	\$49,269	\$50,496	\$51,750	\$53,033	\$54,344
- Mortgage Payments	-\$37,898	-\$37,898	-\$37,898	-\$37,898	-\$37,898	-\$37,898	-\$37,898	-\$37,898	-\$37,898	-\$37,898
= Cash Flow	\$5,632	\$6,728	\$7,850	\$8,997	\$10,170	\$11,370	\$12,597	\$13,852	\$15,134	\$16,445
+ Principal Reduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
+ Appreciation	\$36,750	\$38,588	\$40,517	\$42,543	\$44,670	\$46,903	\$49,249	\$51,711	\$54,296	\$57,011
= Gross Equity Income	\$42,382	\$45,316	\$48,367	\$51,540	\$54,840	\$58,274	\$61,846	\$65,563	\$69,431	\$73,457
Capitalization Rate	5.6%	5.5%	5.4%	5.2%	5.1%	5.0%	4.9%	4.8%	4.7%	4.5%
Cash on Cash Return	2.7%	3.3%	3.8%	4.4%	4.9%	5.5%	6.1%	6.7%	7.4%	8.0%
Return on Equity	19.2%	17.5%	16.1%	15.1%	14.2%	13.4%	12.8%	12.3%	11.8%	11.4%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$771,750	\$810,338	\$850,854	\$893,397	\$938,067	\$984,970	\$1,034,219	\$1,085,930	\$1,140,226	\$1,197,238
- Loan Balance	-\$551,250	-\$551,250	-\$551,250	-\$551,250	-\$551,250	-\$551,250	-\$551,250	-\$551,250	-\$551,250	-\$551,250
= Equity	\$220,500	\$259,088	\$299,604	\$342,147	\$386,817	\$433,720	\$482,969	\$534,680	\$588,976	\$645,988
Loan-to-Value Ratio	71.4%	68.0%	64.8%	61.7%	58.8%	56.0%	53.3%	50.8%	48.3%	46.0%
Potential Cash-Out Refi	\$143,325	\$178,054	\$214,519	\$252,807	\$293,010	\$335,223	\$379,547	\$426,087	\$474,954	\$526,264

Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$220,500	\$259,088	\$299,604	\$342,147	\$386,817	\$433,720	\$482,969	\$534,680	\$588,976	\$645,988
- Closing Costs	-\$54,023	-\$56,724	-\$59,560	-\$62,538	-\$65,665	-\$68,948	-\$72,395	-\$76,015	-\$79,816	-\$83,807
= Proceeds After Sale	\$166,478	\$202,364	\$240,045	\$279,609	\$321,152	\$364,772	\$410,573	\$458,665	\$509,160	\$562,181
+ Cumulative Cash Flow	\$5,632	\$12,360	\$20,210	\$29,207	\$39,377	\$50,748	\$63,345	\$77,197	\$92,331	\$108,777
- Approximate Cash Invest	-\$205,800	-\$205,800	-\$205,800	-\$205,800	-\$205,800	-\$205,800	-\$205,800	-\$205,800	-\$205,800	-\$205,800
= Net Profit	-\$33,691	\$8,924	\$54,454	\$103,016	\$154,729	\$209,720	\$268,118	\$330,062	\$395,692	\$465,158
Internal Rate of Return	-16.4%	2.2%	8.4%	11.1%	12.4%	13.2%	13.5%	13.7%	13.8%	13.7%
Return on Investment	-16.4%	4.3%	26.5%	50.1%	75.2%	101.9%	130.3%	160.4%	192.3%	226.0%

*Information is not guaranteed and investors should do their own research, get professional advice and conduct due diligence prior to investing.